

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 ARA-11 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 AGR-20 L-03 H-02 DODE-00 PA-03 USIA-12

PRS-01 RSR-01 /199 W

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P R 251319 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1484

INFO USMISSION GENEVA

C O N F I D E N T I A L LONDON 06175

E. O. 11652: GDS

TAGS: ETRD, GATT, US, UK

SUBJECT: DOLLAR AREA QUOTAS

REF( A) LONDON 6034, ( B) STATE 91981, ( C) LONDON 5827

1. AS REPORTED REF ( A), ECONMIN CALLED ON PETER WALKER AFTERNOON MAY 24 TO CARRY OUT INSTRUCTION IN REF ( B). WALKER RECEIVED US IN PARLIAMENT ANTEROOM JUST BEFORE HE WENT TO FLOOR.

2. HE OPENED CONVERSATION BY ANNOUNCING THAT BRITISH AMBASSADOR IN WASHINGTON HAD JUST CALLED HIM TO REPORT THAT USG HAD AGREED TO POSTPONE FURTHER ACTION ON DAQ'S UNTIL USG AND HMG HAD BILATERAL TALKS WEEK OF JUNE 4. WALKER OBVIOUSLY FELT THAT IMMEDIATE PRESSURE WAS OFF BECAUSE OF POSTPONEMENT AND THEREFORE SEEMED ANXIOUS TO GET AWAY TO FLOOR OF PARLIAMENT.

3. FOR THE RECORD, ECONMIN WENT OVER BASIC POINTS IN OUR CASE AND EMPHASIZED THAT WE TOO ARE CONCERNED OVER  
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THE CARIBBEAN. HOWEVER, DAQ'S ARE NOT AN ACCEPTABLE, NOR IN FACT AN EFFECTIVE, MEANS OF DEALING WITH CARIBBEAN QUESTION. POINTED OUT WE ARE STILL AWAITING COUNTER-OFFER FROM HMG AND CANNOT MOVE UNTIL WE HAVE HMG REACTION. MEANWHILE, PROBLEM OF TRADE BILL PRESENTATION TO CONGRESS DRAWS CLOSER.

4. WALKER MADE WELL-KNOWN BRITISH POINTS, INCLUDING FACT THAT DAQ'S DO NOT SERVE 37-1/2 FREQUENCIES FOR QUOTA PURPOSES. OF THESE, 18 ROUND TRIPS ARE TO BE OPERATED WITH DC10 AIRCRAFT, WITH RESULT THAT TIA FREQUENCIES FOR QUOTA PURPOSES WOULD EXPAND TO 46-1/2 IF DC-10 FLIGHTS ARE COUNTED AT ONE AND ONE-HALF. WORLD AIRWAYS PLANS 42 FLIGHTS IN 1973 WITH CONVENTIONAL AIRCRAFT. THUS, COMBINED 1973 CHARTER PROGRAM OF 3 SUPPLEMENTALS TOTALS 79-1/2 QUOTA FREQUENCIES AT MINIMUM, OR 88-1/2 FREQUENCIES IF DC-10'S CHARGED AT ONE AND ONE-HALF. JCAB FINAL POSITION ON 1973 QUOTA LEVEL AND PROCEDURES THEREFORE CLEARLY OF SUBSTANTIAL CONCERN TO SUPPLEMENTALS. DC-10 ISSUE LIKELY TO COME TO HEAD IN NEAR FUTURE SINCE FIRST WIDE BODY CHARTER FLIGHT SCHEDULED FOR JUNE 29. AS DEPARTMENT OF COURSE AWARE THERE IS PRECEDENT FOR EXTRA CHARGE AGAINST CHARTER QUOTA FOR USE WIDE BODY JETS. IN 1969 US-JAPAN AVIATION CONSULTATIONS IT WAS AGREED THAT FOR PURPOSES 1970 QUOTA ONE FREQUENCY OF B-747 WOULD BE COUNTED AS TWO FREQUENCIES. IT ALSO EXPLICITLY AGREED, HOWEVER, THAT THIS ARRANGEMENT WAS TO BE WITHOUT PREJUDICE TO UNDERSTANDINGS ON ARRANGEMENTS FOR 1971 AND THEREAFTER. INGERSOLL

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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